

ENTREPRENEURSHIP 207

INTRODUCTION

Why studying entrepreneurship?

- It is a required course towards a degree in Business Administration and other related discipline.
- It may turn out to be probably one of the most important courses you will do in your University programme and I tell you why; seeking for jobs/inventing jobs.

- The appalling rate of youth unemployment
- The unemployment level in the nation has reached an embarrassing level to both citizenry and the government.
- The youths ages 1 to 34 years account for 50% of Nigeria's 160million population.
- 60% of that constitutes youth population that is unemployed or underemployed.

Questions to ask before attempting definition of entrepreneurship

(1) What sorts of activities they get into? What is an entrepreneur?

- Someone who starts a new business?
- Someone who runs own business?
- Someone who takes over a (failing) business and turn it around?
- Someone who runs an informal/criminal business.?

- 2. The second question is what negative words do you associate with entrepreneurs?**
- 3. What positive words do you associate with entrepreneurs?**
- 4. Do you think entrepreneurs are a force for good or bad?.**

Baumol view of entrepreneurship as specter hunting our economic destiny

- v **Baumol Classifications of
entrepreneurs**
 - Productive
 - Unproductive
 - Destructive

Implications of Baumol classifications

- View that economy not enjoying growth lacks entrepreneurs
- Government policy trying to promote entrepreneurial mind-set is misplaced
- The above implication may not be true, because any economy is populated with enough entrepreneur
- It is the rules of the game that matters
- Any economy needs to just promote the productive entrepreneurs by setting rules that encourage them.

The state of development of theoretical framework to explain the entrepreneurship domain

- Entrepreneurship is relatively new field of study
- Search for a comprehensive theoretical construct continues.
- Contributions from diverse fields
- There are views and counterviews as a result of contribution from diverse fields.

- Each field not wanting to acknowledge the contribution of others
- Gartner used a metaphor of six blind men touching different parts of an elephant
- The field is being taken over now by scholars in management.
- Morlacci's view

Two approaches to understand the entrepreneurship phenomenon

- Economist view
- Organizational theorist view

Both views agree that entrepreneurs occur when there is a less than perfect certainties about future

- Entrepreneurs exist when there is a price difference between one market and another. They move in to exploit the price difference
- The exploitation of price difference between two markets or regions is called spatial arbitrage.

- When entrepreneur expects price in the future to be more than current price, they move in to exploit the expected price change.
- This type of entrepreneurial activity is called temporal arbitrage.
- Imperfect information is necessary, it is not sufficient condition for entrepreneurship to take place for four reasons.

- They have to incur cost to take advantage of both spatial arbitrage and temporal arbitrage
- Entrepreneurial activities involve finance or capital and its availability or at reasonable price so to exploit opportunity.
- Not everybody may have access to information that price difference exists
- Among people with access to information not all will choose to exploit the opportunity due to difference in attitude to risk.
Risk-taker and risk-averse.

DEFINITIONS OF ENTREPRENEUR

Author	Definition
Drucker (1985)	Entrepreneur is an act of innovation that involves endowing existing resources with new wealth-producing capacity
Stevenson <i>et al.</i> (1989)	Entrepreneurship is pursuit of an opportunity without concern for current resources or capabilities
Rumelt (1987)	Entrepreneurship is the creation of new business, new business meaning that they do not exactly duplicate existing business but have some element of novelty
Low and MacMillian (1988)	Entrepreneurship is the creation of new enterprise

DEFINITIONS CONTD

Gartner (1988)	Entrepreneurship is the creation of organization the process by which new organizations come into existence.
Timmons (1997)	Entrepreneurship is a way of thinking, reasoning and acting that is opportunity obsessed, holistic in approach and leadership balanced
Venkataraman (1997)	Entrepreneurship research seeks to understand how opportunities to bring into existence future goods and services are discovered, created and exploited, by whom, and with what consequences.

DEFINITIONS CONTD

Morris (1998)	Entrepreneurship is the process through which individuals and teams create value by bringing together unique packages of resource inputs to exploit opportunities in the environment. It can occur in any organizational context and results in a variety of possible outcomes including new ventures, products, services, processes, processes, markets and technologies
Sharma and Chrisman (1999)	Entrepreneurship encompasses acts of organizational creation, renewal or innovation that occur within or outside an existing organization.

CHARACTERISTICS OF AN ENTREPRENEURS

If you want to be an entrepreneur, you need to have the right personality and the right attitude. Here are 10 essential characteristics to be successful as an entrepreneur:

CHARACTERISTICS OF AN ENTREPRENEURS CONTD...

1. **Creativity.**

One of the reasons why entrepreneurs are successful is that they have imagination and can envision alternative scenarios. They have abilities to see opportunities where others cannot see. Creative act is nothing more than taking something standard in one business and applying it to another.

CHARACTERISTICS OF AN ENTREPRENEURS CONTD...

2. Passionate: Perhaps the most important characteristic for entrepreneurs, passion is essential to any business owner or working professional's success. Without passion, there is no reason for your work and no drive to do it.

Entrepreneurs love what they do and are extremely dedicated to the businesses they create. To be successful, you must be confident in yourself and your business, and you must be proactive with what you do and how you do it.

CHARACTERISTICS OF AN ENTREPRENEURS CONTD...

3. Motivated: In an interview with The Computerworld Smithsonian Awards Program, the late Apple founder Steve Jobs said, "I'm convinced that about half of what separates the successful entrepreneurs from the non-successful ones is pure perseverance."

CHARACTERISTICS OF AN ENTREPRENEURS CONTD...

4. Optimistic: Do you see the glass half empty or half full? For entrepreneurs, it's always half full. Entrepreneurs always look on the bright side and are constant dreamers. They look at how they can do things better and make the world a better place. They never dwell on the past or the negative. Instead, they focus on moving forward and moving up.

CHARACTERISTICS OF AN ENTREPRENEURS CONTD...

- 5. Future-oriented:** Because entrepreneurs are focused on moving forward, they are always looking toward the future. Entrepreneurs are very goal-oriented and know exactly what they want. They set their goals and everything they do is aimed at achieving those goals. Having a strong vision helps propel you toward accomplishment. Consider setting a goal for yourself - a north star that can guide you on your path to success.

CHARACTERISTICS OF AN ENTREPRENEURS CONTD...

6. Persuasive: To be successful in business, you have to know business. If you're a people person and know how to get people to listen to you, you could be a successful entrepreneur. Especially when first starting out, entrepreneurs need to gain buy-in from those around them on their big idea. If it's an out-of-the-box idea, which it usually is, many people will be skeptical before giving their support or investing any money. That's why entrepreneurs need to use their persuasiveness to sell themselves and their ideas.

CHARACTERISTICS OF AN ENTREPRENEURS CONTD...

7. Flexible: According to professional development coach Ruchira Agrawal in an article for Monster, "As an entrepreneur, you'll typically start out as a 'solopreneur,' meaning you will be on your own for a while. You may not have the luxury of hiring a support staff initially. Therefore, you will end up wearing several different hats, including secretary, bookkeeper and so on."

CHARACTERISTICS OF AN ENTREPRENEURS CONTD...

- 8. Resourceful:** In business, problems aren't a matter of if, but when. Entrepreneurs do not shy away from challenges or conflicts. Instead, they face them head on and come up with a solution. They know how to solve problems effectively.

CHARACTERISTICS OF AN ENTREPRENEURS CONTD...

9. **Adventurous:** In an interview with Y Combinator president Sam Altman, Facebook founder Mark Zuckerberg said, "In a world that's changing so quickly, the biggest risk you can take is not taking any risk." Entrepreneurs know that to be successful, they must be willing to take risks. While they don't mind walking on the wild side, they don't take risks lightly. They know how to plan for the unknown and make a calculated decision that is best for them and their business.

CHARACTERISTICS OF AN ENTREPRENEURS CONTD...

10. Decisive: There is no room for procrastination in business. Entrepreneurs know what needs to be done and don't hesitate to make the decisions that will lead them to success. They don't let opportunities pass them by; instead, they seize the day and get the job done.

innovation

- Innovation is not only about opening up new markets – it can also offer new ways of serving established and matured ones.
- Innovation is not something restricted to manufacturing products, but plenty of examples of growth through innovation can be found in the service sector – internet banking services, the growth of Amazon company in retailing activities on the internet that spans, books, music and lately the retailing business in the US.
- Public service such as education, healthcare and social amenities may not generate profit but they do impact on quality of life for millions of people. Innovative ideas can lead to valued new service and efficient delivering of existing ones.

What Is Innovation?

- Innovation therefore is the process to complete the development and exploitation aspects of new knowledge not just its invention. Innovation is the process of turning ideas into reality and capturing values from them.

HISTORY OF ENTREPRENEURSHIP IN NIGERIA

- The history of Entrepreneurship in Nigeria can be classified under the following stages:
- Early Stage
- Modern Stage
- The Early Stage.
- Entrepreneurship started when people produced more product than they needed and as a result exchange the surpluses.
- For example if a blacksmith produced more cutlasses than he needed, the logical thing to do is to exchange the surplus with what he did not have but needed, may be he needed some yams or goat etc .
- By this way, producers realized that they could concentrate in their areas of production by producing more and then exchange the surplus with what they needed

- So through this exchange process, entrepreneurship started.
- A typical Nigerian entrepreneur is a self made man who might be said to have the strong will to succeed.
- He might engage the services of others such as family and friends and other social group to help in his work or production. In fact early entrepreneurship started in Nigeria with trade by barter well ahead of the advent of any form of money.

- The Modern Stage
- Modern entrepreneurship in Nigeria started with the coming of the Colonial masters, who brought in their transatlantic trade and made Nigerians their middle men. Most of the modern entrepreneurs were engaged in retail trade or sole proprietorship.
- One of the major factors that discouraged this flow of entrepreneurship development in Nigeria is the value system brought about by formal education. With formal education people had the opportunity of being employed in the civil service. And as a result Nigerians were dependent on the colonial masters for their jobs.

- Another factor that discouraged entrepreneurship in that era was that foreign entrepreneurs were more favoured by policies of government on trade.
- For example the bulk of import and export trade was done by (UAC) United African Company. This discrimination against Nigerian entrepreneurs actually slowed down the growth of indigenous entrepreneurs.

Entrepreneurship Development in Nigeria.

- With more people being educated and the reality that it is becoming increasingly more difficult for government to employ school leavers, the economic programmes to encourage individuals to go into self-employment were put in place by government.
- Such economic policy programmes to encourage people into self-employment are:
- Open Apprenticeship Schemes, Graduate Employment Programme and National Directorate of Employment training programmes. Other policies that encourage or make it easy to access needed funds for small scale industries , Micro Finance Banks BOI Small enterprises fund, cooperative societies and so on.

Obstacles to Enterprise Development

The following are the most important obstacles to rapid entrepreneurial development in Nigeria.

- Absence of a pro-active regulatory environment that encourages innovative enterprise development at the grass-root level.
- Significant infrastructural deficits. These deficits are in respect to roads and electricity. These critical infrastructural deficits are inimical to small businesses
- Poor access to vocational and skill-development training for rural and urban youth involved in the informal economy.
- Rampant political and bureaucratic corruption. These also tend to slow down entrepreneurial growth.
- Constrained access to local and international markets. This factor also stunts entrepreneurial growth.
- Inadequate access to finance and absence of a credit policy that addresses the peculiar needs of new and small scale businesses.

Nigerian, Youth and Entrepreneurship

- Many young Nigerians aspire to be successful entrepreneurs. But due to certain constraints, the ability of many prospective youth to find outlets to utilize their opportunities and skills has proved futile.
- Given that entrepreneurship in Nigeria is perceived as a major avenue to increase the rate of economic growth, create more job opportunities, reduce import manufactured goods and decrease trade deficits resulting from imports.
- Two approaches have been used for entrepreneurship development in Nigeria. One of the approaches is the provision of generous credit facilities for small enterprises. The objective of this approach was to give entrepreneurs seed money to start a business.
- The second approach was the establishment of the training centre known as Industrial Development Centre (IDC). The idea of this centre was to provide facilities for on-the-job training of entrepreneurs especially those operating in the informal sector which include petty traders, artisans, peasant farmers etc.

Obstacles to Youth Empowerment

Irrespective of the benefits associated with entrepreneurship, there are more obstacles that prevented youth from fully realizing their entrepreneurial potentials. The barriers hindering youth empowerment are as follows:

- **Absence of Infrastructural Facilities:** These facilities include good roads, good water supply, and constant power, access to information and communication technology. A case where these facilities are present, entrepreneurial activities will thrive and grow. Where they are absent, they become disincentive for youth to embark on entrepreneurial plan.
- **Inadequate Working Capital:** This is one of the major problems encountered by young aspiring entrepreneurs. The procedures for accessing credits are often rigorous and dependent on the provision of collaterals which the potential entrepreneur may not possess. Furthermore, the financial institutions charge outrageous interest rates as high as 25% depending on the bargaining power of the applicant.

Obstacles to Youth Empowerment contd.

- **Low Standard of Education:** In a world that is increasingly becoming globalized and most economies of the world are now knowledge-based, Education is the key to knowledge and it plays an important role in shaping the thinking of potential entrepreneurs. But in a situation where the quality of education is falling comparatively due to lack of incentives to teachers inadequate funding of schools, lack of equipment and perennial strike actions by teachers , entrepreneurial activities will be at low level.
- **Lack of Adequate Training:** The training of youth is also hampered by emphasis on theoretical training to the detriment of practical applications

Obstacles to Youth Empowerment contd.

- **Economic, Social and Political Factors:** Economic factors such as double taxations, Other difficulty in procuring business approvals, high inflation rates. Some of the political policies include: policies to favour friends and associates in award of contracts and other government patronages. The social problem of corruption which discourages people venturing into enterprises. You know that you can make it big getting bribes from people while working in paid employment, why then will you consider self-employment.